



WASTE REPORT for September 20, 2016

VA Medical Center- No TV for You

Waste Report readers will remember an edition from earlier this year, "[Veterans Health Administration: It's Not About Logistics](#)," where we reported on the VA leaving urology equipment unused for months. Because the equipment was leased, the VA made over \$200k in payments for the equipment while it sat in storage. Unfortunately, it seems the VA has outdone that waste - this time spending over \$300k on TVs that have been sitting in storage for nearly three years.¹

The VA Inspector General reports that, in 2013, the Detroit VA Medical Center wanted to upgrade TVs in patient rooms. Probably not a bad idea and certainly a benefit to our veterans in a difficult time. **Unfortunately, the project included upgrading the whole TV system, which required some amount of construction. Rather than waiting for construction to begin (or even be scheduled), the VA saw fit in September 2013 to purchase 300 TVs and accessories immediately at a cost of \$311k.**²

Since the facility was not ready for the TVs, they went to storage,³ where they have sat for nearly three years. The IG's report even states that **"as of June 21, 2016, the facility had not yet awarded the contract to begin construction."**⁴ So these TVs will continue to sit for some time. By the way, the warranties expired in January 2015.⁵

What is worse, these dormant TVs are not even the right ones for the planned upgrade. According to the IG, the project plan calls for TVs that use an Ethernet feed, but the ones the VA purchased use an increasingly outdated coaxial feed. So **the VA modified the project at an additional cost of \$19k - to accommodate the TVs still in storage.**⁶

You might ask, how did something like this happen? Well, **the culprit seems to be the "Use it or Lose it" paradigm of government spending: spend money before it expires at the end of the fiscal year.** Remember, the TVs were purchased in September 2013, just before the end of the federal government's fiscal year. As the IG reports, **"Despite not needing the TVs ... the Chief of Volunteer and Community Relations reported the facility purchased them because they had funds available."**⁷

"Use it or lose it" is a big problem. Research indicates that **"spending in the last week of the year is 4.9 times higher than the rest-of-the-year weekly average," while "quality scores for year-end projects are 2.2 to 5.6 times more likely to be below the central value [lower quality]."**⁸ As in this case, you might end up buying TVs you do not need and which are the wrong model.

Chairman Paul and the FSO subcommittee have worked to bring the perils of "use it or lose it" spending to public attention, both with a hearing on the subject last September and legislation (S.1378)⁹ that incentivizes federal employees against end-of-year-spending binges while helping to reduce the deficit.

The IG's report put it best when it said the unneeded TV purchases **"prevented the use of about \$292,500 that could have been better spent on other facility priorities."**¹⁰ Of course, the top priority of the VA should be veterans.

¹ <http://www.va.gov/oig/pubs/VAOIG-16-02729-350.pdf>

² Ibid

³ Eighteen of the TVs were actually used in the VA's hemodialysis clinic.

⁴ <http://www.va.gov/oig/pubs/VAOIG-16-02729-350.pdf>

⁵ Ibid

⁶ Ibid

⁷ Ibid

⁸ *Do Expiring Budgets Lead to Wasteful Year-End Spending? Evidence from Federal Procurement*; Liebman, Jeffrey, & Mahoney, Neale; National Bureau of Economic Research; September 2013. Emphasis added.

⁹ S. 1378 passed out of committee on May 25, 2016.

¹⁰ <http://www.va.gov/oig/pubs/VAOIG-16-02729-350.pdf>